

## Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: EFIN, SZ, OVIP (CHEVALLAZ, GEORGES-ANDRE)

SUBJ: VISIT TO WASHINGTON OF FINANCE MINISTER CHEVALLAZ

REF: BERN 0032

1. EMBASSY INFORMED THAT FEDERAL COUNCILOR CHEVALLAZ, RESPONSIBLE FOR DEPARTMENT OF FINANCE AND CUSTOMS, WILL ATTEND JANUARY 14 MINISTERIAL MEETING OF GROUP OF TEN. CHEVALLAZ WILL BE ACCOMPANIED BY DR. ADOLF SAMUEL PETER, ECONOMIC ADVISOR IN FINANCE DEPARTMENT, WHO WILL ATTEND G-10 DEPUTIES MEETING. AS NOTED REFTEL, SWITZERLAND WILL ALSO BE REPRESENTED AT G-10 MEETINGS BY SWISS NATIONAL BANK PRESIDENT LEUTWILER AND VICE PRESIDENT HAY.

2. CHEVALLAZ WILL ARRIVE NEW YORK SUNDAY JANUARY 12 VIA SWISSAIR AND RETURN TO BERN JANUARY 15. IN CONVERSATION WITH E/C COUNSELOR JANUARY 8, PETER SAID SOLE PURPOSE OF CHEVALLAZ TRIP WAS TO ATTEND G-10 MEETING.

3. CHEVALLAZ HAS SERVED IN FEDERAL COUNCIL SINCE JANUARY 1, 1974. PREVIOUSLY HE WAS MAYOR OF LAUSANNE, TAUGHT EUROPEAN HISTORY, AND SERVED IN PARLIAMENT. AS  
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FINANCE MINISTER, CHEVALLAZ HAS BEEN PREOCCUPIED WITH

DOMESTIC BUDGETARY PROBLEMS BUT HAS RECENTLY SHOWN GREATER INTEREST IN AND UNDERSTANDING OF INTERNATIONAL FINANCIAL ISSUES. HE AND PETER HAVE NOT PREVIOUSLY BEEN TO WASHINGTON. CHEVALLAZ UNDERSTANDS BUT DOES NOT SPEAK ENGLISH. PETER'S ENGLISH IS GOOD.

4. SWITZERLAND HAS NORMALLY BEEN REPRESENTED IN G-10 OBSERVER CAPACITY BY NATIONAL BANK ALTHOUGH ON TWO PREVIOUS OCCASIONS FINANCE MINISTER CELIO TOOK PART IN G-10 MINISTERIAL MEETINGS. WE ARE NOT SURE WHAT PROMPTED GOS DECISION SEND CHEVALLAZ TO WASHINGTON BUT ASSUME IT COMBINATION OF DESIRE EDUCATE FINANCE DEPARTMENT RE CURRENT INTERNATIONAL FINANCIAL ISSUES COUPLED WITH INCREASING RECOGNITION THAT SHORT-TERM ECONOMIC PROSPECTS FOR SWITZERLAND AFFECTED BY CAPITAL FLOWS FROM ABROAD AND SHARP RECENT APPRECIATION SWISS FRANC.

5. CHEVALLAZ HAS SCHEDULED PRESS CONFERENCE JANUARY 10 WHICH WILL PRIMARILY FOCUS ON BUDGETARY SITUATION FOLLOWING DEFEAT BY SWISS VOTERS DECEMBER OF TAX INCREASES, BUT HE WILL ALSO UNDOUBTEDLY DISCUSS EXCHANGE MARKET SITUATION. SNB HAS CARRIED BULK OF RESPONSIBILITY SO FAR IN 1975 IN EFFORT TEMPER UPWARD PRESSURE ON SWISS FRANC THROUGH DIRECT INTERVENTION, AND CLOSURE OF SF BOND MARKET TO FOREIGN PUBLIC ENTITIES, BUT CHEVALLAZ MAY REVEAL WHAT, IF ANY, STEPS GOS CONSIDERING. (SEE ALSO BERN 4758).

6. CHEVALLAZ PARTICIPATION, AS WELL AS THAT OF LEUTWILER AND JOLLES (LATTER IN DEVELOPMENT COMMITTEE), MAY ALSO SIGNAL SWISS INTENTION PARTICIPATE MORE ACTIVELY IN MULTILATERAL FINANCIAL BODIES WHILE REFRAINING FROM ANY MOVEMENT TOWARD APPLICATION FOR MEMBERSHIP IN IMF/IBRD.  
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